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TROPICAL PRODUCTS
FTEA 2-70
October 1970

NOV 19 1970

RECORD WORLD TEA CROP

CURRENT SERIAL RECORDS

EXPECTED FOR 1970

Summary

World tea production (excluding Mainland China) for 1970 is forecast at 2,366 million pounds, a 1.5 percent gain over the record 1969 harvest of 2,330 million pounds. Only a small increase is anticipated in Asian production this year, as crop prospects for Ceylon have not been encouraging. However, a record harvest is expected for India.

African production continues its expansionary trend as newly planted areas increase in productivity. The largest gain in African production is expected in Kenya, where a record crop of 90 million pounds is forecast. As weather conditions have not been generally favorable, little, if any, increases are anticipated by other African producers. South American production is forecast below the record 1969 outturn because of a smaller Argentine crop.

World tea exports (including estimates for Mainland China) in 1969 totaled 1,290 million pounds, off nearly 5 percent from 1968 shipments of 1,353 million pounds. This decline is attributed to a 95 million pound reduction in Asian exports, reflecting smaller shipments by India, Ceylon, and Indonesia. African exports, at 213 million pounds, were again at record levels and showed a gain of 18 percent over the preceding year. South American exports remained at the 1968 level of 39 million pounds. World exports for 1970 are expected to recover from the 1969 low level. With increased export volume and higher world prices, foreign exchange earnings for producers should improve this year.

Tea prices have recovered from last year's low levels. Average London auction prices for all teas during the first 9 months of 1970 were quoted at 49.8 cents per pound, up from 42.3 cents per pound for the similar period a year earlier. The firmer prices this year reflect the lower London stock position, which at the close of September approximated 148 million pounds, down from 202 million pounds for the corresponding period a year ago.

Stocks by mid-October have increased totaling 180.6 million pounds, compared with 196.8 million for the previous year and prices have weakened. Labor strikes in India and the U.K. dock strike have contributed to the London stock draw-down. In India, some quantities formerly destined for export were diverted to the domestic market for consumption. Also contributing to the recovery in prices was the early-season indication of only a modest rise in world production this year.

Major Producers

Asia: India's 1970 tea crop is expected to be a record and will easily exceed 900 million pounds if favorable growing conditions continue through the remainder of the season. The north Indian harvest for the first 9 months of 1970 totaled 517.5 million pounds, an increase of 32.1 million pounds over the corresponding period a year earlier. The south Indian crop during the first 7 months amounted to 136.4 million pounds, well above the 122.7 million pounds harvested during the similar 1969 period.

In efforts to encourage exports and to make Indian teas more competitive on the world market, the Government abolished the tea export tax as of March 1, 1970. Simultaneously, the excise tax on most teas was increased, which is expected to slow the rate of expansion of internal consumption. Domestic consumption in 1969 was estimated at 463 million pounds, up from 419 million during the previous year.

Reflecting a sharp reduction in shipments to the United Kingdom, India's exports in 1969 totaled only 389.4 million pounds, off 15 percent from 1968 exports of 459.5 million pounds. Shipments to the United Kingdom amounted to 149.3 million pounds, down from 224.9 million in 1968. However, exports to Egypt rose from 19.7 million pounds to 31.4 million. Exports to the USSR were also higher at 58.2 million pounds, a gain of 8.9 million over the year before. Exports to the United States were down about 2 million to 16.9 million pounds. India's exports in 1970 are expected to recover from the depressed level of the previous year. Shipments during the first 5 months totaled 127.7 million pounds, up from 112 million for the corresponding 1969 period.

Ceylon's production is forecast below the 1969 crop of 484.2 million pounds. The harvest through the first 8 months of 1970 totaled 316.3 million pounds, compared with 330.4 million for the similar period a year earlier. Less favorable weather conditions and finer plucking methods were responsible for the reduced volume. If production estimates are realized, Ceylon may have difficulty in fulfilling its 1970 export quota of 464 million pounds, allocated under the producers' Mauritius Agreement.

Reflecting smaller shipments to the United Kingdom, Ceylon's exports in 1969 totaled only 444 million pounds, off from 1968 shipments of 460 million pounds. Because of lower world prices and smaller volume, export values in 1969 fell from \$195 million in 1968 to \$177.6 million, and were well under the 1963-67 average level of \$233.3 million. Exports to the United Kingdom in 1969 amounted to only 131 million pounds, down from 162.5 million pounds in

TEA: Production by specified major producing countries,
average 1960-64, annual 1967 to 1970

Continent and country	Average 1960-64	1967	1968	1969 <u>1/</u>	Forecast 1970
	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>
Asia:					
Ceylon	464.7	486.7	495.6	484.2	478.0
India	767.7	848.2	885.2	873.4	915.0
Indonesia <u>2/</u>	97.1	73.6	91.2	88.9	80.0
Iran	24.4	37.0	44.0	42.0	44.0
Japan	176.7	187.7	187.3	197.5	198.0
Malaysia	6.1	6.9	7.6	7.6	7.6
Pakistan	53.7	64.7	62.4	66.1	68.0
Taiwan	41.7	53.8	53.8	57.9	58.0
Turkey	17.5	48.0	60.8	75.8	75.0
USSR	92.7	121.4	118.8	127.0	125.0
Vietnam, South	10.6	9.2	10.5	10.0	10.0
Total	1,752.9	1,937.2	2,017.2	2,030.4	2,058.6
Africa:					
Cameroon	.4	1.7	2.4	2.9	3.5
Congo, Kinshasa	9.0	6.8	13.3	14.0	15.0
Kenya	35.8	50.3	65.6	79.5	90.0
Malawai	28.1	37.1	34.9	37.3	38.0
Mauritius <u>3/</u>	2.7	4.8	4.8	6.8	7.0
Mozambique	21.0	31.8	31.4	35.3	35.0
Rhodesia	2.6	6.0	5.0	5.0	5.0
Tanzania	9.8	15.8	17.5	19.4	19.0
Uganda	13.2	24.8	33.4	38.7	38.0
Total	122.6	179.1	208.3	238.9	250.5
South America:					
Argentina	20.7	31.7	37.5	44.0	40.0
Brazil	10.1	14.1	10.1	14.0	14.0
Peru	2.3	3.3	3.1	3.1	3.1
Total	33.1	49.1	50.7	61.1	57.1
Grand total	1,908.6	2,165.4	2,276.2	2,330.4	2,366.2

1/ Preliminary. 2/ Estate production. 3/ Year ending June 30.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

the year before. However, shipments to the United States rose to 45.4 million pounds, compared with 38.1 million in 1968. Ceylon's exports for the first 7 months of 1970 were 288.6 million pounds, slightly above the 287.3 million pounds shipped in the corresponding 1969 period.

Domestic consumption of tea in Ceylon during 1969 was estimated to have reached 40.6 million pounds, a gain of about 1 million pounds over 1968.

Africa: African production for 1970 is forecast at a record 250.5 million pounds, primarily reflecting a 13-percent increase in Kenya's output. Little, if any, increases are expected for other African producers because of less favorable weather conditions. African exports in 1969 totaled a record 213.3 million pounds, up nearly 18 percent over the year before.

Major Importers

U.K.: Tea imports by the United Kingdom in 1969 fell sharply to 467.8 million pounds, off over 21 percent from the year before and at their lowest level since 1951. Imports from India fell to only 150.6 million pounds, compared with 249.2 million in 1968. Imports from Ceylon declined to 141.1 million pounds from 167.9 million in the year before.

Tea prices at the London auctions have recovered from the low 1969 levels as shown in the following table:

TEA: Average London Auction Prices, 1968-70

Origin	:	:	:	:	:
	:	1968	:	1969	:
	:		:		:
	:		:		:
	:	cents	:	cents	:
	:	per	:	per	:
	:	<u>pound</u>	:	<u>pound</u>	:
	:		:		:
North India	:	48.66	:	45.25	:
South India	:	42.26	:	34.44	:
Ceylon	:	49.30	:	48.51	:
Malawi	:	40.58	:	28.10	:
Kenya	:	48.71	:	48.18	:
Uganda	:	42.99	:	40.03	:
Tanzania	:	46.29	:	43.44	:
Mozambique	:	39.34	:	25.87	:
Mauritius	:	41.76	:	32.21	:
Malaya	:	41.54	:	36.22	:
Argentina	:	36.79	:	28.70	:
Vietnam, South	:	37.74	:	29.15	:
Total average	:	47.45	:	44.11	:
	:		:		:

1/ Average Jan. through mid-Oct.

Source: The Tea Brokers' Association of London

U.S.: Consumption. U.S. retail foodstore sales of tea in 1969 were estimated at a record 114 million pounds, up 2 million pounds over the previous year's level. The value of the sales was estimated at an alltime high of \$277 million, compared with 1968 sales of \$266 million. Taking into consideration the additional sales of 30 million pounds estimated for institutional or out-of-home usage, total U.S. tea consumption in 1969 approximated a record 144 million pounds.

Of the 114 million pounds sold in retail foodstores, tea bags were estimated to comprise 52.6 percent, instant (including tea mixes which have sugar and flavoring added) 33.6 percent, and loose tea 13.8 percent.

Prices. The U.S. unit import value (f.o.b. country of origin) of tea from all sources in 1969 was 37.6 cents per pound, off from an average of 39.1 cents per pound in 1968. The unit value for the first 8 months of 1970 was 37.4 cents per pound.

Imports. U.S. tea imports in 1969 amounted to 140 million pounds, valued at \$52.6 million, compared with the record 1968 level of 155.4 million pounds, valued at \$60.7 million. Imports during the first 8 months of 1970 totaled 91.3 million pounds, up slightly from the 89.7 million pounds imported in the corresponding months of 1969.

International Developments

First Session of The Consultative Committee on Tea: The First Session of The Consultative Committee on Tea was held in Rome, December 1-5, 1969. The Consultative Committee on Tea was established by the FAO Committee on Commodity Problems at its Forty-fourth Session in October 1969, on the recommendation of the Third Ad Hoc Consultation on Tea. The main purpose of the Consultative Committee is to provide a forum for consultations and studies of the problems relating to the world tea economy.

The primary tasks of the first session of the Consultative Committee were to consider the interim export quota arrangements for 1970 drawn up by the exporting countries at their July 1969 meeting in Mauritius, and to continue discussions on longer-term action, including the promotion of tea consumption.

The meeting concluded that further studies of the world tea economy were needed before governments could be asked to commit themselves to any form of longer-term international quota regulation. The Committee therefore established a Working Party on Long-term Measures, composed of both importing and exporting countries, which is to make recommendations on the need and justification for long-term action after detailed study of various aspects of the tea economy. The Committee also established a standing Exporters' Group to provide a regular forum for discussing matters of mutual interest and for formulating proposals and recommendations for consideration by the Committee.

The Working Party on Long-term Measures: The Working Party on Long-term Measures held its first meeting in Rome, April 16-21, 1970, at which it reviewed the long-term outlook for tea and discussed some of the principles of a long-term international agreement. There was general agreement among some

countries (mainly exporters) that an export quota type of arrangement was most suitable for tea and that future consideration of an agreement should proceed on the basis of the draft text prepared at the May 1969 meeting of the Ad Hoc Working Party on International Arrangements for Stabilization of Tea Prices. On the other hand, some consuming and exporting countries felt that it was necessary to properly identify the real causes of the tea problem before attempting to prescribe recommendations for them. It is their belief that there has not been the discussion in depth of the various aspects of production, marketing and demand that is normally considered desirable before efforts are made to devise remedial measures, let alone to negotiate a comprehensive multi-lateral agreement.

Most exporting countries felt that the stage had been reached when attention should be concentrated on reconciling the differences among exporting countries in their approaches as to ways to bring world tea supplies into line with demand. The Working Party therefore recommended that the Director-General of FAO, together with the Secretary General of UNCTAD, appoint one or more persons to act as "conciliators" with the objective of developing agreement among exporting countries on export quotas, so as to prepare the ground for productive discussions in the Consultative Committee regarding a long-term international agreement.

Exporters' Group of The Consultative Committee on Tea: The Exporters' Group of The Consultative Committee on Tea met in Rome September 24-26, 1970 to review the 1970 export quotas agreed upon at the July 1969 meeting in Mauritius. Uganda and Mauritius reported that they would not be able to fulfill their quota allotments, and Kenya and Malawi requested that their quotas be increased. In addition to granting quota adjustments for Kenya and Malawi, the Group reviewed recent trends in trade, prices, and stocks, and heard reports of the two FAO and UNCTAD "conciliators" on their program of work and plans. The Group agreed to meet November 26-28, 1970, in New Delhi, just prior to the meeting of the Second Session of the Consultative Committee on Tea.

The revised export quota allocations are as follows:

<u>Country</u>	<u>Million Pounds</u>
India & Ceylon	928.0
Indonesia	77.0
Kenya	85.7
Uganda	40.5
Malawi	38.3
Mozambique	36.2
Argentina	32.5
Congo, Kinshasa	22.0
Turkey	20.7
Tanzania	17.2
Mauritius	6.6
Taiwan	8.1
Rwanda	3.3
South Vietnam	1.5
Burundi	0.5
Cameroon	2.0
Total	1,320.1
Less estimated shortfall	9.0
Total	1,311.1

The Second Session of The Consultative Committee on Tea: The Second Session of the Consultative Committee on Tea is scheduled for November 30 through December 5, 1970, at New Delhi, India. Some of the items on the agenda for discussion are a review of the current tea situation, short-term international action, longer-term arrangements, and promotion.

TEA: Exports from specified major-producing countries, 1969 with comparisons

Country	Average 1960-64	1965	1966	1967	1968	1969 1/
Asia:						
Ceylon.....	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
China, Mainland 2/.....	439,657	494,456	441,031	477,383	460,041	443,998
India.....	71,200	71,000	72,000	68,000	70,000	70,000
Indonesia.....	461,828	439,520	395,075	471,070	459,527	389,445
Japan.....	74,138	71,325	73,292	58,632	76,527	59,679
Malaysia.....	14,908	10,426	4,310	3,950	4,481	3,669
Pakistan.....	4,883	4,935	4,873	4,308	4,209	5,673
South Vietnam.....	3,846	6,399	5,088	---	12	4
Taiwan.....	3,862	5,159	4,107	2,308	1,598	412
Turkey.....	29,944	44,361	43,309	42,196	40,569	46,896
Total.....	679	5,719	3,384	18,886	16,208	18,301
Africa:						
Congo, Kinshasa.....	1,104,945	1,153,300	1,046,469	1,146,733	1,133,172	1,038,077
Kenya 3/.....	8,441	8,109	12,236	6,574	9,478	2/ 10,000
Mauritius.....	28,974	35,085	49,842	40,742	60,628	72,388
Mozambique.....	1,540	2,434	2,855	3,499	3,770	5,673
Malawi.....	19,541	23,893	28,649	31,768	31,401	34,037
Southern Rhodesia.....	27,172	28,449	33,551	37,509	34,815	38,111
Tanzania 3/.....	4/	1,116	1,200	1,400	1,400	1,500
Uganda 3/.....	8,282	9,070	13,588	13,031	14,748	16,713
Total.....	10,857	14,934	19,460	20,618	24,686	34,906
South America:						
Argentina.....	104,807	123,090	161,381	155,141	180,926	213,328
Brazil.....	14,009	27,066	29,301	25,204	32,393	32,260
Peru.....	2,839	4,645	5,461	6,697	6,691	6,500
Total.....	70	192	241	152	156	201
Grand total.....	16,918	31,903	35,003	32,053	39,240	38,961
1/ Preliminary. 2/ Estimated. 3/ Excludes trade between Kenya, Uganda, and Tanzania. 4/ Included with Malawi.	1,226,670	1,308,293	1,242,853	1,333,927	1,353,338	1,290,366

TEA: Exports from Ceylon, India, and Indonesia
by Country of Destination, 1968-69

Country of Destination	Ceylon		India		Indonesia	
	1968	1969	1968	1969	1968	1969
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Aden.....	6,606	7,253	425	---	---	---
Afghanistan.....	1	8	20,335	29,736	---	---
Australia.....	36,024	33,994	14,616	8,599	11,063	13,583
Bahrain Islands.....	400	1,272	922	1,344	---	---
Belgium-Luxembourg.....	118	94	31	1/	6,151	6,737
Canada.....	15,215	15,057	8,948	7,045	---	31
Chile.....	926	1,721	181	169	---	---
Egypt.....	12,530	15,456	19,722	31,438	---	---
France.....	2,097	1,536	225	177	7	13
Germany, West.....	4,915	5,378	8,677	6,629	4,791	7,562
Hong Kong.....	2,125	1,812	9	1/	2,088	1,803
Iran.....	9,121	8,583	5,542	4,425	---	---
Iraq.....	42,029	33,182	14,932	9,751	---	---
Ireland.....	4,355	4,654	15,119	10,194	154	280
Italy.....	3,271	2,929	829	1/	22	18
Japan.....	5,204	4,934	1,135	1,569	---	---
Jordan.....	2,005	3,129	4,286	6,052	---	---
Kuwait.....	6,303	11,466	534	680	---	---
Lebanon.....	3,882	4,710	2	1/	---	---
Libya.....	13,856	16,796	4	1/	---	---
Netherlands.....	8,662	7,396	7,579	5,278	36,436	16,795
New Zealand.....	14,969	14,751	1,252	488	201	137
Pakistan.....	3,958	4,594	---	1	62	15
Poland.....	4,065	3,151	4,151	4,341	---	---
Saudi Arabia.....	9,283	13,357	181	1/	---	4
South Africa.....	31,020	27,289	---	---	---	---
Sudan.....	133	---	23,201	16,221	---	---
Syria.....	4,328	8,155	---	---	---	---
Tunisia.....	1	7	2,198	9,100	---	---
United Kingdom.....	162,473	131,036	224,935	149,251	5,930	2,597
United States.....	38,103	45,371	18,999	16,926	3,538	5,858
USSR.....	4,471	4,422	49,310	58,201	---	---
Not Specified.....	7,592	10,505	11,247	11,830	2/ 6,084	2/ 4,246
Total	460,041	443,998	459,527	389,445	76,527	59,679

1/ If any, included in Not Specified.

2/ Mostly Malaya and Singapore.

TEA: Exports from specified countries by country of destination, 1968-69

Country of destination	Malawi		Kenya L/		Uganda L/		Tanzania L/	
	1968	1969	1968	1969	1968	1969	1968	1969
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Aden.....	---	---	26	---	31	---	---	---
Australia.....	---	---	1,125	942	152	189	5	4
Canada	4,077	974	4,262	4,382	2,416	2,435	565	582
France.....	---	---	17	21	3	35	30	30
Germany, West.....	55	---	539	662	131	182	157	115
Ireland.....	1,020	836	1,469	1,858	1,848	1,802	609	495
Italy.....	---	---	19	15	1	---	---	---
Netherlands.....	290	587	2,714	2,656	1,231	1,614	292	244
New Zealand.....	99	---	192	71	85	17	8	4
Pakistan.....	---	---	232	409	33	99	---	14
Somalia.....	54	30	469	756	767	740	166	214
South Africa.....	2,060	2,017	---	---	---	---	---	---
Sudan.....	---	---	3,262	25	785	30	32	---
United Kingdom.....	22,164	22,553	38,027	48,560	13,898	23,397	11,982	14,430
United States.....	3,926	5,450	7,877	11,469	3,200	4,167	874	524
Other.....	4,070	5,664	398	562	105	199	28	57
Total.....	34,815	38,111	60,628	72,388	24,686	34,906	14,748	16,713

1/ Excludes trade between Kenya, Uganda, and Tanzania.

Country of origin	1968			1969			January - August 1970		
	1,000 pounds	1,000 dollars 1/	1,000 pounds	1,000 pounds	1,000 dollars 1/	1,000 pounds	1,000 dollars 1/	1,000 pounds	1,000 dollars 1/
Asia:									
Ceylon	49,937	20,833	51,822	33,500	13,071	29,484	11,645		
Hong Kong	295	166	193	137	108	166	121		
India	23,755	11,179	19,347	10,294	4,375	10,107	4,933		
Indonesia	20,275	6,042	20,612	12,554	3,802	14,452	3,750		
Japan	4,005	1,040	2,850	1,864	512	1,596	415		
Malaysia	868	344	617	484	187	644	248		
Pakistan	13	7	---	---	---	---	---		
Taiwan	6,640	1,743	4,721	3,125	775	2,906	730		
Thailand	40	21	1	1	1	15	5		
Turkey	537	122	71	41	10	347	67		
Other	57	12	---	---	---	39	9		
Total	106,422	41,509	100,234	62,000	22,841	59,756	21,923		
Africa:									
Cameroon	59	32	---	---	---	8	5		
Congo, Kinshasa	742	240	799	455	154	466	156		
Kenya	10,730	4,440	12,322	7,749	3,023	10,524	3,863		
Mozambique	3,005	929	2,953	2,222	659	2,022	540		
Malawi	4,883	1,720	5,750	4,678	1,647	4,700	1,581		
South Africa	287	102	205	140	51	62	17		
Tanzania	1,162	524	1,015	756	294	417	173		
Uganda	2,780	1,248	2,441	1,714	716	1,677	678		
Other	230	79	262	173	75	244	81		
Total	23,878	9,314	25,747	17,887	6,619	20,120	7,094		
Other:									
Argentina	2,000	523	2,519	1,779	424	1,690	317		
Brazil	850	275	380	222	68	1,095	317		
Canada	4,208	3,282	3,975	2,646	2,031	3,311	2,542		
Netherlands	17,229	5,192	6,283	4,627	1,515	4,425	1,352		
United Kingdom	662	539	587	342	272	441	406		
Not specified	115	55	236	192	82	496	177		
Grand total	155,364	60,689	139,961	89,695	33,852	91,334	34,128		

1/ Value f.o.b. country of origin.

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FTEA 2-70 10021 Tea Circulars

TEA: Sales by U.S. retail stores, 1969
with comparisons 1/

Year	Total Quantity	Tea Bags	Loose	Instant 2/	Total Value
	----- Million pounds -----				Million dollars
1950	69.7	27.9	41.4	.4	(3/)
1955	80.1	40.9	38.5	.7	168
1956	80.5	42.3	37.3	.9	(3/)
1957	81.7	45.0	35.3	1.4	(3/)
1958	83.8	47.9	33.9	2.0	187
1959	85.8	49.8	33.2	2.8	191
1960	86.1	51.0	30.3	4.8	196
1961	89.0	52.9	29.1	7.0	203
1962	91.8	53.8	27.8	10.2	209
1963	94.5	54.9	26.0	13.6	218
1964	97.9	55.0	24.3	18.6	226
1965	102.6	57.4	22.6	22.6	235
1966	107.6	58.1	21.5	28.0	245
1967	107.0	56.9	19.2	30.9	247
1968	112.0	58.9	17.9	35.2	266
1969 <u>4/</u>	114.0	60.0	15.7	38.3	277

1/ Excludes sales by hotels, restaurants, and institutional users.

2/ Includes Mixes.

3/ Not available.

4/ Preliminary.

Source: A. C. Nielsen Company.